



**CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE**

December 18, 2001

**H.R. 2540
Veterans' Compensation Cost-of-Living Adjustment Act of 2001**

As cleared by the Congress on December 11, 2001

The act would increase the amounts paid to veterans for disability compensation and to their survivors for dependency and indemnity compensation by the same cost-of-living adjustment (COLA) payable to Social Security recipients. The increase would take effect on December 1, 2001, and the results of the adjustment would be rounded to the next lower dollar.

The Social Security Administration has announced that the COLA increase this year will be 2.6 percent. On that basis, CBO estimates that enacting this legislation would increase spending for these veterans' programs by about \$385 million in 2002 and about \$513 million a year in outlays thereafter. However, a COLA equal to that payable to Social Security recipients is assumed in the budget resolution baseline, pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act, and savings from rounding it down were achieved by the Balanced Budget Act of 1997 (Public Law 105-33). As a result, the act will have no budgetary effect relative to the baseline and will not affect pay-as-you-go scoring.

The estimate was prepared by Michelle S. Patterson. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.